

CRAVATH, SWAINE & MOORE

ONE CHASE MANHATTAN PLAZA

NEW YORK, N. Y. 10005

RECORDATION NO. 1 5268, A+B

JUL 21 1987 2 55 PM

INTERSTATE COMMERCE COMMISSION

7-202A062

No.

Date JUL 21 1987

Fee \$

20.00

20.00 filing fee

ICC Washington, D.C.

July 16, 1987

TELEPHONE
212 422-3000

TELEX
RCA 233683
WUD 125547
WUI 620976
TRT 177149

CABLE ADDRESSES
CRAVATH, N. Y.
CRAVATH, LONDON E. C. 2
2 HONEY LANE, CHEAPSIDE
LONDON EC2V 8BT, ENGLAND
TELEPHONE: 1-606-1421
TELEX: 8814801
RAPIFAX/INFOTEC:
1-606-1425

Grand Trunk Western Railroad Company
Lease Financing Dated as of June 1, 1987
9.90% Conditional Sale Indebtedness
Due January 2, 1998

Dear Ms. McGee:

Pursuant to 49 U.S.C. § 11303 and the Commission's rules and regulations thereunder, as amended, I enclose herewith on behalf of Grand Trunk Western Railroad Company, for filing and recordation counterparts of the following documents:

1. Reconstruction and Conditional Sale Agreement dated as of June 1, 1987, among Mercantile-Safe Deposit and Trust Company, as Agent, Grand Trunk Western Railroad Company, as Builder, and Manubank Leasing Corporation, as Vendee.

2. (a) Lease of Railroad Equipment dated as of June 1, 1987, between Grand Trunk Western Railroad Company, as Lessee, and Manubank Leasing Corporation, as Vendee; and

(b) Assignment of Lease and Agreement dated as of June 1, 1987, between Manubank Leasing Corporation, as Vendee, and Mercantile-Safe Deposit and Trust Company, as Agent.

RECEIVED
JUL 21 1987
56 2 35

The names and addresses of the parties to the
aforementioned agreements are as follows:

1. Agent:

Mercantile-Safe Deposit and Trust Company
Two Hopkins Plaza
Baltimore, Maryland 21203

2. Vendee-Buyer

Manubank Leasing Corporation
29201 Telegraph
Southfield, Michigan 48034

3. Lessee-Builder-Seller:

Grand Trunk Western Railroad Company
131 West Lafayette Blvd.
Detroit, Michigan 48226

Please file and record the documents referred to
in this letter and index them under the names of the Agent,
the Vendee-Buyer and the Lessee-Builder-Seller.

The reconstructed railroad equipment covered by
the Reconstruction and Conditional Sale Agreement and the
Lease are listed in Exhibit A attached hereto. The recon-
structed railroad equipment bears the legend "OWNERSHIP
SUBJECT TO A SECURITY AGREEMENT FILED WITH THE INTERSTATE
COMMERCE COMMISSION."

Enclosed is our check for \$20 for the required
recordation fee. Please accept for recordation one counter-
part of each of the enclosed agreements, stamp the remaining

counterparts with your recordation number and return them to the delivering messenger along with your fee receipt, addressed to the undersigned.

Very truly yours,

Laurance V. Goodrich

Laurance V. Goodrich
as Agent for
Grand Trunk Western
Railroad Company

Noreta R. McGee, Secretary,
Interstate Commerce Commission,
Washington, D. C. 20423

encls.

RECONSTRUCTION AND CONDITIONAL SALE AGREEMENT

Schedule A--Specifications of the Equipment*

Quantity	Equipment Mechanical Designation	Description	Old		New		Hulk		Reconstruction Cost		Locomotive Cost	
			Railroad Road Nos. (Inclusive)	Railroad Road Nos. (Inclusive)	Hulk Type	Purchase Price Per Unit	Total	Per Unit	Total	Per Unit	Total	
2	SD - 40	Diesel Electric Locomotive	GTW 5913, 5918	GTW 5913, 5918	B	\$150,000	\$300,000	\$500,000	\$1,000,000	\$650,000	\$1,300,000	
3	GP-40-II	Diesel Electric Locomotive	GTW 6422, 6424 6425	GTW 6422, 6424 6425	B	\$325,000	\$975,000	350,000	1,050,000	675,000	2,025,000	
1	GP - 40	Diesel Electric Locomotive	GTW 6404	GTW 6404	B	\$105,000	105,000	520,000	520,000	625,000	625,000	
9	GP-38-II	Diesel Electric Locomotive	MP 2009-2030** MP 2032-2052**	GTW 5700-5708	A	175,000	1,575,000	430,000	3,870,000	605,000	5,445,000	
3	GP - 38	Diesel Electric Locomotive	GTW 6215, 6217 5804	GTW 6215, 6217 5804	B	105,000	315,000	420,000	1,260,000	525,000	1,575,000	
2	GP - 9	Diesel Electric Locomotive	GTW 4920, 4138	GTW 4920, 4138	B	25,000	50,000	340,000	680,000	365,000	730,000	
20							\$3,320,000		\$8,380,000		\$11,700,000	

Builder's Specifications: See Attached. Place of Delivery: Battle Creek, Michigan.

* Notwithstanding anything herein to the contrary, this Schedule A and the Reconstruction and Conditional Sale Agreement to which this Schedule A is attached (this "Agreement") will cover only those units of Equipment that are reconstructed by the Builder from Hulks delivered and settled for pursuant to this Agreement. After delivery of all Equipment covered by this Agreement, if necessary, this Schedule A will be amended (and a supplement will be filed with the Interstate Commerce Commission) to describe only those units of Equipment covered by this Agreement and to designate the particular Railroad Road Numbers thereof.

** Nine Hulks will be selected from this group.

Interstate Commerce Commission

Washington, D.C. 20423

OFFICE OF THE SECRETARY

7/21/87

Cravath, Swaine & Moore
One Chase Manhattan Plaza
New York, New York 10005

Dear

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 7/21/87 at 2:45 PM, and assigned re-recording number(s). IS268- A and B

Sincerely yours,

Norita R. McGee
Secretary

Enclosure(s)

SE-30
(7/79)

-B
1 5268-B
REGISTRATION NO. Filed 1425

JUL 21 1987 -2 45 PM

INTERSTATE COMMERCE COMMISSION

[CS&M Ref. 6642-001]

ASSIGNMENT OF LEASE AND AGREEMENT

Dated as of June 1, 1987

between

MANUBANK LEASING CORPORATION,
as Vendee,

and

MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY,
not in its individual capacity but solely
as Agent

ASSIGNMENT OF LEASE AND AGREEMENT

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* This Table of Contents has been included in this document for convenience only and does not form a part of, or affect any construction or interpretation of this document.

ASSIGNMENT OF LEASE AND AGREEMENT dated as of June 1, 1987, by and between MANUBANK LEASING CORPORATION, a Michigan corporation (the "Vendee"), and MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, not in its individual capacity but solely as Agent (the "Vendor") under a Participation Agreement dated as of the date hereof.

The Vendee and the Vendor have entered into a Reconstruction and Conditional Sale Agreement dated as of the date hereof (the "RCSA") with Grand Trunk Western Railroad Company (the "Lessee") in its capacity as builder providing for the sale to the Vendee of the interest of the Vendor in such units of railroad equipment (the "Units") described in Schedule A thereto as are delivered to and accepted by the Vendee thereunder.

The Vendee and the Lessee have entered into a Lease of Railroad Equipment dated as of the date hereof (the "Lease") providing for the leasing by the Vendee to the Lessee of the Units.

In order to provide security for the obligations of the Vendee under the RCSA and as an inducement to the Vendor to invest in the CSA Indebtedness (as that term is defined in the RCSA), the Vendee has agreed to assign for security purposes its rights in, to and under the Lease to the Vendor.

In consideration of the premises and of the payments to be made and the covenants hereinafter mentioned to be kept and performed, the parties hereto agree as follows:

1. The Vendee hereby assigns, transfers and sets over unto the Vendor, as collateral security for the payment and performance of the obligations of the Vendee under the RCSA, all the Vendee's right, title and interest, powers, privileges, and other benefits under the Lease, including, without limitation, the immediate right to receive and collect all rentals, profits and other sums payable to or receivable by the Vendee from the Lessee under or pursuant to the provisions of the Lease whether as rent, casualty payment, payments in respect of purchase options, indemnity, liquidated damages, or otherwise (such moneys being hereinafter called the "Payments"), and the right to make all waivers and agreements, to give all notices, consents and releases, to take all action upon the happening of an

Event of Default specified in the Lease, and to do any and all other things whatsoever which the Vendee is or may become entitled to do under the Lease. Notwithstanding the foregoing, the Payments shall not be deemed to include (y) payments by the Lessee to the Vendee pursuant to Sections 5 and 8 of the Lease (except to the extent that the Vendee is obligated to reimburse the Vendor pursuant to Articles 5 and 12 of the RCSA and except to the extent that the Vendee is obligated to pay and discharge claims, liens, charges or security interests under Paragraph 9 of this Assignment) and (z) such amounts of indemnity receivable by the Vendee pursuant to the Tax Indemnity Agreement dated as of the date hereof between the Vendee and the Lessee (such amounts and payments referred to in (y) and (z) being hereinafter collectively called the "Excluded Payments"). In furtherance of the foregoing assignment, the Vendee hereby irrevocably authorizes and empowers the Vendor in its own name, or in the name of its nominee, or in the name of the Vendee or as its attorney, to ask, demand, sue for, collect and receive any and all Payments, and to enforce compliance by the Lessee with all the terms and provisions thereof.

The Vendor agrees to accept any Payments made by the Lessee for the account of the Vendee pursuant to Section 2 of the Lease. To the extent received, the Vendor will apply such Payments to satisfy the obligations of the Vendee under the RCSA due and payable at the time such Payments are due and payable under the Lease, and to provide for the payments required to be made by the Vendee to the Vendor pursuant to Paragraph 9 of the Participation Agreement under which the Vendor is acting as Agent, and so long as no event of default (or event which, with notice or lapse of time, or both, could constitute an event of default) under the RCSA shall have occurred and be continuing, any balance shall be paid to the Vendee, or to such other party as the Vendee may direct in writing, in Federal funds not later than the first business day following receipt of such balance; provided, however, that such balance shall be payable as aforesaid if an event of default (other than an event of default under Article 14(a) of the RCSA) or event which, with notice or lapse of time, or both, could constitute an event of default (other than an event of default under Article 14(a) of the RCSA) under the RCSA shall have occurred and be continuing for a period of one year unless the Vendor has declared a Declaration of Default under Article 14 thereof. If the Vendor shall not receive any rental payment under Section 2 of the Lease when due, the Vendor shall, on the date due, notify the Vendee and the Lessee, by telephone, confirmed in writing, at the respective addresses set forth in the Lease;

provided, however, that the failure of the Vendor so to notify the Vendee and the Lessee shall not affect the obligations of the Vendee hereunder, under the RCSA or the Participation Agreement or the Lessee under the Lease or the Consent and Agreement attached hereto.

2. This Assignment is executed only as security and, therefore, the execution and delivery of this Assignment shall not subject the Vendor to, or transfer, or pass, or in any way affect or modify the liability of the Vendee under the Lease, it being understood and agreed that notwithstanding this Assignment or any subsequent assignment, all obligations of the Vendee to the Lessee shall be and remain enforceable by the Lessee, its successors and assigns, against, and only against, the Vendee or persons other than the Vendor.

3. To protect the security afforded by this Assignment the Vendee agrees that, without the written consent of the Vendor, the Vendee will not anticipate the rents under the Lease or waive, excuse, condone, forgive or in any manner release or discharge the Lessee thereunder of or from the obligations, covenants, conditions and agreements to be performed by the Lessee, including, without limitation, the obligation to pay the rents in the manner and at the time and place specified therein or enter into any agreement amending, modifying or terminating the Lease and the Vendee agrees that any amendment, modification or termination thereof without such consent shall be void; provided, however, that the Vendee may amend or supplement the Lease to provide for an increase or decrease of amounts due as rentals under Section 2 thereof and/or Casualty Values under Section 6 thereof provided that no such decrease shall reduce said amounts below that which are necessary to satisfy the obligations of the Vendee under the RCSA and the Participation Agreement, notwithstanding any limitation of liability of the Vendee contained therein.

4. Subject to Paragraph 12 hereof, the Vendee does hereby constitute the Vendor the Vendee's true and lawful attorney, irrevocably, with full power (in the name of the Vendee, or otherwise), to ask, require, demand, and receive, any and all Payments due and to become due under or arising out of the Lease to which the Vendee is or may become entitled, to enforce compliance by the Lessee with all the terms and provisions of the Lease, to endorse any checks or other instruments or orders in connection therewith and to file any claims or take any action or institute

any proceedings which the Vendor may deem to be necessary or advisable in the premises.

5. Upon the full discharge and satisfaction of all the Vendee's obligations under the RCSA and the Participation Agreement (without giving effect to any limitations on liability contained therein), this Assignment and all rights herein assigned to the Vendor shall terminate, and all estate, right, title and interest of the Vendor in and to the Lease shall revert to the Vendee.

6. If an event of default under the RCSA shall occur and be continuing, the Vendor may declare all sums secured hereby immediately due and payable and may apply all such sums against the amounts due and payable under the RCSA.

7. The Vendee will, from time to time, do and perform any other act and will execute, acknowledge, deliver and file (and will refile) any and all further instruments required by law and reasonably requested by the Vendor in order to confirm or further assure, the interests of the Vendor hereunder.

8. The Vendor may assign all or any of the rights assigned to it hereby or arising under the Lease, including, without limitation, the right to receive any Payments due or to become due. In the event of any such assignment, any such subsequent or successive assignee or assignees shall, to the extent of such assignment, enjoy all the rights and privileges and be subject to all the obligations of the Vendor hereunder; provided, however, the Vendee and the Lessee shall not be bound to honor such assignment until they have received written notice thereof. Payment to the assignee of all Payments shall constitute full compliance with the terms of this Agreement and the Lease. The Vendee and the Lessee may rely on instruments and documents of assignment which they believe in good faith to be true and authentic.

9. The Vendee will pay and discharge any and all claims, liens, charges or security interests (other than those created by the RCSA) on the Lease or the rentals or other payments due or to become due thereunder claimed by any party from, through or under the Vendee or its successors and assigns (other than the Vendor), not arising out of the transactions contemplated by the RCSA or the Lease (but including income taxes arising out of the receipt of rentals and other payments under the Lease and any other

"income and proceeds from the Equipment", as defined in the RCSA) which, if unpaid, might become a claim, lien, charge or security interest on or with respect to the Lease or such rentals or other payments, unless the Vendee shall be contesting the same in good faith by appropriate proceedings in any reasonable manner and the nonpayment thereof does not, in the opinion of the Vendor, adversely affect such interests of the Vendor.

10. The terms of this Assignment and all rights and obligations hereunder shall be governed by and construed in accordance with the laws of the State of Michigan, but the parties shall be entitled to all rights conferred by 49 U.S.C. § 11303 and such additional rights arising out of the filing, recording or deposit hereof, if any, and of any assignment hereof as shall be conferred by the laws of the several jurisdictions in which this Assignment or any assignment hereof shall be filed, recorded or deposited.

11. The Vendee shall cause copies of all notices received by it in connection with the Lease and all payments hereunder to be promptly delivered or made to the Vendor at its address set forth in Article 20 of the RCSA, or at such other address as the Vendor shall designate.

12. So long as no event of default under the RCSA has occurred and is continuing, the Vendor will not exercise or enforce, or seek to exercise or enforce, or avail itself of, any of the rights, powers, privileges, authorizations or benefits which are assigned and transferred by the Vendee to the Vendor by this Assignment, except the right to demand, sue for, collect, receive and apply the Payments as provided in Paragraph 1 hereof.

13. Notwithstanding any other provision of this Assignment (including, but not limited to, any provision of the first paragraph of Paragraph 1 and Paragraph 3 hereof), and so long as there is no event of default under the RCSA or event which with notice or lapse of time could become such an event of default, and to the extent that the Vendor does not seek to receive and collect any Payments under the Lease in excess of the amounts required to discharge the obligations of the Vendee under the RCSA and the Participation Agreement, the terms of this Assignment shall not limit or in any way affect the Vendee's right to receive and collect any Payments under the Lease in excess of the obligations of the Vendee under the RCSA and the Participation Agreement, or empower the Vendor in any way to waive or release the Lessee's obligation to pay such excess

14. This Assignment may be executed in any number of counterparts, all of which together shall constitute a single instrument, but the counterpart delivered to the Vendor shall be deemed to be the original counterpart. It is not necessary that the parties hereto all sign the same counterpart as long as each party shall sign a counterpart and such counterpart is delivered to the Vendor or its counsel, whereupon this Agreement shall become effective.

MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, not in its individual capacity but solely as Agent,

by

Vice President

Attest: *[Signature]*
Corporate Trust Officer

by

Vice President

Assistant Secretary

amounts, and the Vendee shall continue to be empowered to ask, demand, sue for, collect and receive any and all of such excess amounts, but shall not take any action under subparagraph (b) of Section 9 of the Lease without the written consent of the Vendor.

14. This Assignment may be executed in any number of counterparts, all of which together shall constitute a single instrument, but the counterpart delivered to the Vendor shall be deemed to be the original counterpart. It is not necessary that the parties hereto all sign the same counterpart as long as each party shall sign a counterpart and such counterpart is delivered to the Vendor or its counsel, whereupon this Agreement shall become effective.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed in their respective corporate names by officers thereunto duly authorized, and their respective corporate seals to be affixed and duly attested, all as of the date first above written.

MERCANTILE-SAFE DEPOSIT AND
TRUST COMPANY, not in its
individual capacity but solely
as Agent,

[Seal]

by

Attest:

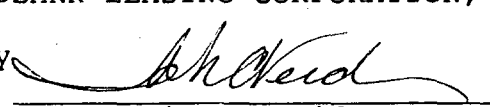
Vice President

Corporate Trust Officer

MANUBANK LEASING CORPORATION,

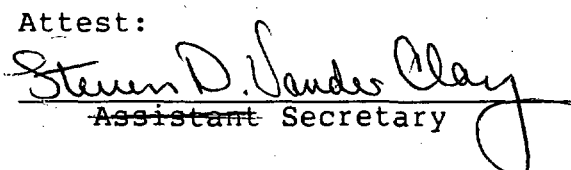
by

[Corporate Seal]



~~Vice~~ President

Attest:



Assistant Secretary

STATE OF MARYLAND,)
) ss.:
CITY OF BALTIMORE,)

On this 2nd day of July 1987, before me personally appeared R. B. Schreiber, to me personally known, who, being by me duly sworn, says that he is a VICE PRESIDENT of MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, that one of the seals affixed to the foregoing instrument is the seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Handwritten signature of Patricia A. Conn, Notary Public

[Notarial Seal]

My commission expires: 7-1-90

STATE OF ,)
) ss.:
COUNTY OF ,)

On this day of July 1987, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is a of MANUBANK LEASING CORPORATION, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

[Notarial Seal]

My commission expires:

STATE OF MARYLAND,)
) ss.:
CITY OF BALTIMORE,)

On this day of July 1987, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is a of MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, that one of the seals affixed to the foregoing instrument is the seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

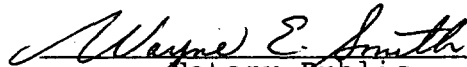
Notary Public

[Notarial Seal]

My commission expires:

STATE OF MICHIGAN ,)
) ss.:
COUNTY OF OAKLAND ,)

On this 6th day of July 1987, before me personally appeared John C. Verdon , to me personally known, who, being by me duly sworn, says that he is the President of MANUBANK LEASING CORPORATION, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.



Notary Public

[Notarial Seal]

My commission expires:

WAYNE E. SMITH
Notary Public, Wayne County, Michigan
Acting in Oakland County
My Commission Expires February 19, 1989

LESSEE'S CONSENT AND AGREEMENT

The undersigned, GRAND TRUNK WESTERN RAILROAD COMPANY, a corporation duly incorporated under the laws of the States of Michigan and Indiana, the Lessee (the "Lessee") named in the Lease (the "Lease") referred to in the foregoing Assignment of Lease and Agreement (the "Assignment"), hereby (a) acknowledges receipt of a copy of the Assignment and (b) consents to all the terms and conditions of the Assignment and agrees that:

(1) it will pay all Payments as defined in the Assignment, due and to become due under the Lease or otherwise in respect of the Units leased thereunder, directly to Mercantile-Safe Deposit and Trust Company, not in its individual capacity but solely as Agent (the "Vendor"), the assignee named in the Assignment, to be applied as provided in the RCSA (as defined in the Assignment), in immediately available funds by 11 a.m., Baltimore, Maryland, time on the date of payment, by wire transfer to Mercantile-Safe Deposit and Trust Company, Baltimore, Maryland, for credit to its Corporate Trust Department's Account No. 620081-8, with advice that the deposit is "RE: GTW 6/1/87" (or at such other address as may be furnished in writing to the undersigned by the Vendor);

(2) the Vendor shall be entitled to the benefits of, and to receive and enforce performance of, all the covenants to be performed by the undersigned under the Lease as though the Vendor were named therein as the Lessor and the Lessee will not assert against the Vendor any claim or defense the Lessee may have against the Lessor under the Lease;

(3) the Vendor shall not, by virtue of the Assignment or this Consent and Agreement, be or become subject to any liability or obligation under the Lease or otherwise; and

(4) the Lease shall not, without the prior written consent of the Vendor, be amended, terminated or modified (other than as set forth in the proviso in Paragraph 3 of the Assignment), nor shall any action be taken or omitted by the undersigned, the taking or omission of which might result in an alteration or impairment of the Lease or this Consent and Agreement or of any of the rights created by any thereof.

This Consent and Agreement when accepted by the Vendor by signing the acceptance at the foot hereof, shall be deemed a contract under, and shall be construed in accordance with, the laws of the State of Michigan. It is not necessary that the parties hereto all sign the same counterpart of this Agreement and Consent as long as each party shall sign a counterpart and such counterpart is delivered to the Vendor or its counsel, whereupon this Agreement and Consent shall become effective.

Dated as of June 1, 1987

GRAND TRUNK WESTERN RAILROAD
COMPANY,

by

Vice President


[Corporate Seal]

Attest:

The foregoing Consent and Agreement is hereby accepted, as of the 1st day of June 1987.

MERCANTILE-SAFE DEPOSIT AND
TRUST COMPANY, not in its
individual capacity but solely
as Agent,

by



Vice President